

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 INR-10 SS-15 RSC-01 RSR-01 /064 W  
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R 261439 Z JUN 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 1568

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STADIS//////////

E. O. 11652: N/ A

TAGS: EIND, ETRD, US, NL

SUBJECT: STEEL VRA -- WIRE ROD IMPORTS

REF: STATE 117212

1. WE HAVE DISCUSSED ORBAN/ NKF TRANSACTION WITH NKF SALES MANAGER HOORWEG. HOORWEG SAID THAT NKF QUOTA OF 15,000 TONS MENTIONED REFTEL HAS NEVER BEEN OFFICIALLY CONFIRMED FOR 1973 BY HOOGOVENS, WHICH REPRESENTS HOLLAND IN EUROPEAN STEEL CLUB. IN FACT NKF CLAIMED QUOTA OF 20,000 TONS FOR 1973 MONTHS AGO AND PLANS TO MAKE SHIPMENT UP TO THAT AMOUNT IN ABSENCE OF EARLY REJECTION BY HOOGOVENS. 15,000 TONS OF THIS WAS ALREADY COMMITTED BEFORE ORBAN ORDER WAS RECEIVED.

2. SINCE ORBAN, ALTHOUGH CUSTOMER IN THIS CASE, HAS BEEN AGENT OF NKF IN UNITED STATES FOR SOME YEARS, HOORWEG IS FAVORABLY DISPOSED TO FILLING ORDER EVEN THOUGH MATERIAL WILL BE HARD TO FIND AND COULD BE SOLD MORE PROFITABLY ELSEWHERE. HOORWEG ASKED ORBAN TO ATTEMPT TO WORK OUT QUOTA PROBLEM AT US END BUT, IF THAT SHOULD PROVE UNFEASIBLE, IS PREPARED TO GO AHEAD WITH SHIPMENT TAKING RISK THAT NKF QUOTA WILL SUBSEQUENTLY BE FIXED AT 15,000 TONS AND THUS BE OVERSUBSCRIBED. IN MEANTIME HOORWEG IS RELUCTANT TO PRESS HOOGOVENS ON 20,000 TON CLAIM FOR FEAR OF IMMEDIATE REJECTION.

3. REQUEST DEPARTMENT RECONSIDER WHETHER THERE IS ANY POSS-  
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IBILITY IT COULD PROVIDE SPECIAL QUOTA FOR ORBAN BY UNILATERAL USG ACTION. IF THIS IS DEFINITELY PRECLUDED, REQUEST WE BE AUTHORIZED TO INFORM HOORWEG TO THAT EFFECT IN WHICH EVENT WE BELIEVE TRANSACTION WILL BE IMPLEMENTED. ALSO REQUEST THAT FOREGOING BE CONVEYED, IN DEPARTMENT'S DISCRETION, TO ORBAN WHO WROTE PERSONAL LETTER TO AMBASSADOR MIDDENDORF ON THIS CASE JUNE 15.

4. COMMENT: THIS INCIDENT REVEALS HAPHAZARD EUROPEAN, OR AT LEAST DUTCH, CONDUCT OF VRA. WITH YEAR HALF OVER NKF HAS STILL NOT RECEIVED FORMAL NOTIFICATION OF ITS 1973 QUOTA AND IS WILLING TO GAMBLE THAT 1972 QUOTA OF 15,000 TONS WILL BE INCREASED TO 20,000 THIS YEAR.

5. IT ALSO INDICATES THAT STEEL RESTRAINT PROGRAM MAY BE ANACHRONISTIC IN LIGHT OF CURRENT MARKET CONDITIONS. ORBAN'S LETTER TO AMBASSADOR MIDDENDORF SAID HE WOULD HAVE TO "SHUT DOWN" IF WIRE ROD, NOW "IN DESPERATELY SHORT SUPPLY," IS NOT FORTHCOMING BY OCTOBER. THUS UNLESS WE CONNIVE WITH NKF IN POSSIBLE SUBVERSION OF EUROPEAN QUOTA SYSTEM WE MAY BE CONTRIBUTING TO LAYOFFS IN WAYNE, NEW JERSEY, WITH NO ASSURANCE THAT THIS WILL SAVE JOBS IN PITTSBURGH. END COMMENT.

TANGUY

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\*\*\* Current Handling Restrictions \*\*\* STADIS  
\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptoning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 JUN 1973  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973THEHA02863  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
**From:** THE HAGUE  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1973/newtext/t19730628/aaaajnvh.tel  
**Line Count:** 88  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** STADIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** STADIS  
**Reference:** 73 STATE 117212  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19-Sep-2001 by smithrj>; APPROVED <20-Nov-2001 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 980225  
**Subject:** STEEL VRA -- WIRE ROD IMPORTS  
**TAGS:** EIND, ETRD, NL, US  
**To:** EB  
**SECSTATE WASHDC**  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005